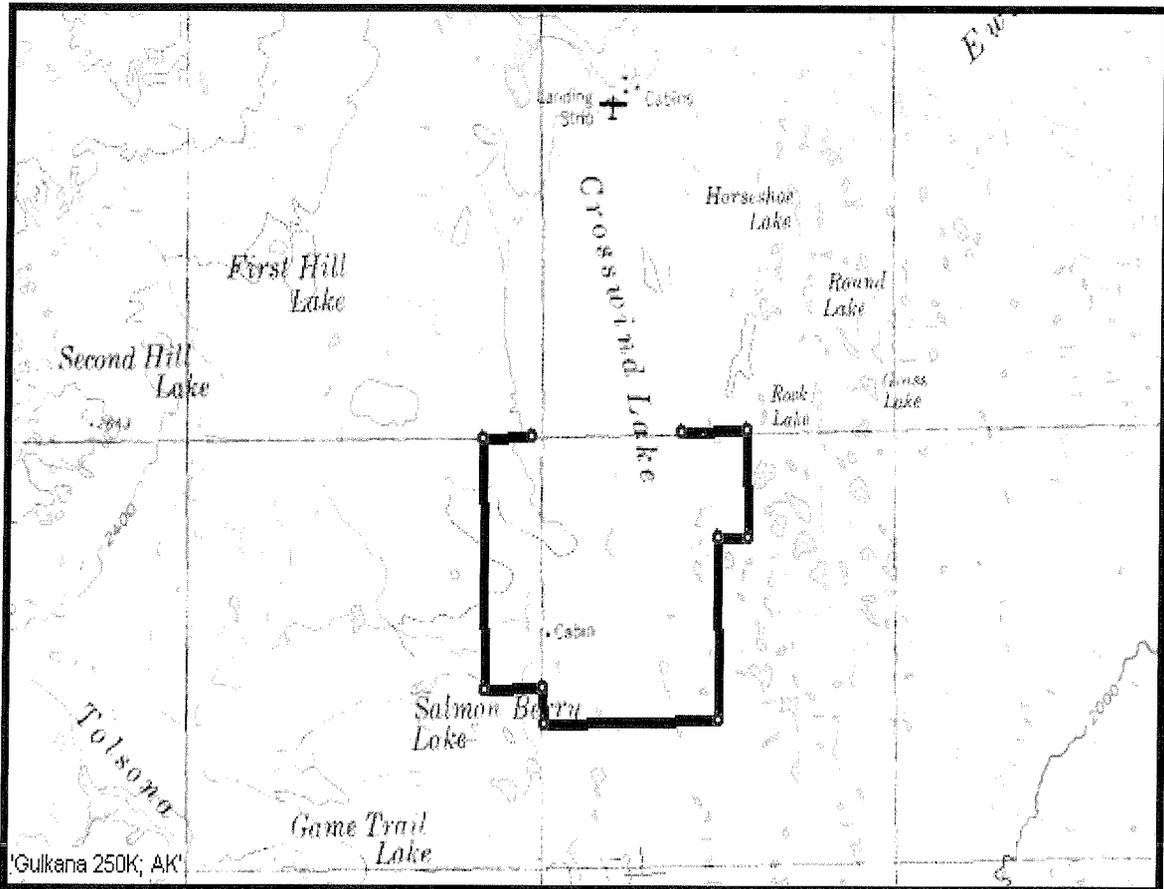


# MARKET VALUE APPRAISAL

Of

Hypothetical Key Parcels within the Crosswind Lake Recreational Cabin Staking Areas



BASE APPRAISAL REPORT No. 3198

STATE OF ALASKA  
Department of Natural Resources  
Division of Mining, Land & Water  
550 West Seventh Avenue Suite 650  
Anchorage, AK 99501-3576

# MEMORANDUM

# State of Alaska

**Department of Natural Resources**  
Tel (907) 269-8513  
Fax (907) 269-8914  
[brandon\\_simpson@dnr.state.ak.us](mailto:brandon_simpson@dnr.state.ak.us)

**Division of Mining, Land and Water**  
550 West 7<sup>th</sup> Avenue, Suite 650  
Anchorage AK 99501-8914

DATE: February 27, 2003

TO: Judy A. Robinson, SRWA  
Review Appraiser

FROM: Brandon Simpson

SUBJECT: Appraisal of Two Hypothetical parcels in Crosswind Lake Remote Recreational Cabin Site Staking Area – Base Appraisal Report no. 3198

As requested, I have completed base reports valuations for hypothetical key parcels in the above staking areas. I understand that this appraisal will be used to determine the base purchase price for recreational parcels staked within these areas. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal foundation and in accordance with the Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal, Calendar Year 2003. This is a complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have not inspected the subject area or the comparable sales used in the report. Physical descriptions of the key parcels were based on aerial photography, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

## TABLE OF CONTENTS

### INTRODUCTION

Title Page	
Letter of Transmittal	ii

### PREMISE OF THE APPRAISAL

Appraisal Summary	2
Type of Appraisal and Report	3
Purpose and Use of the Appraisal	3
User and Client Identity	3
Property Rights Appraised	3
Definition of Market Value	4
Effective Date of Value Estimate	4
Exposure Time	4
Marketing Time	4
Scope of the Appraisal	4
Assumptions and Limiting Conditions	5

### PRESENTATION OF DATA

Area Analysis	5
Staking Area Description	6

### DATA ANALYSIS AND CONCLUSION

Highest and Best Use	6
Sales Comparison Approach	7
Key Parcel Method	7
Description of Key Parcels	9
Discussion of Comparable Sales & Value Conclusions	10
Certification of Value	12

### ADDENDA

Comparable Sales Map	
Comparable Sale Forms	
Size Adjustment Chart	
Special Appraisal Requirements	
Appraiser Qualifications	

## APPRAISAL SUMMARY

### Crosswind Lake

The Crosswind Lake Staking area is located along the southern end of Crosswind Lake, 25 miles northwest of Glennallen and 15 miles east of Lake Louise. The area encompasses approximately 8000 gross acres.		
Legal Description	Within sections 3-10 & 16-21, Township 6 North, Range 4 West; and within sections 1, 12, 13 & 24 Township 6 North, Range 5 West, Copper River Meridian.	
Owner	State of Alaska	
Staked Parcel Size	Five to ten acres (5-10 ac)	
Hypothetical Parcel	Parcel 'A' – Waterfront on Crosswind Lake	Parcel 'B' - Interior
Size	5 acres	5 acres
Access	Snowmachine or Fly-in	Snowmachine or Fly-in
Building site	Average	Average
Easements/Setbacks	Typical section line, pedestrian and trail. 100' building setback from the ordinary high water line on all bodies of water.	Typical section line, pedestrian and trail. 100' building setback from the ordinary high water line on all bodies of water
Amenities	Good view potential.	Some view potential.
Improvements	None	
Highest and Best Use	Recreational cabin site	
Interest Appraised	Fee simple title, excluding mineral rights.	
Date of Inspection	Not inspected	
Effective Date of Value	February 27, 2003	
Date of Report	February 27, 2003	

<b>Conclusion of values for Hypothetical Key Parcels</b>		
Key Lot	Parcel 'A' - Waterfront	Parcel 'B' - Interior
Size	5 acres	5 acres
Site Value	\$13,500	\$5,400
Unit Value	\$2,700/ac	\$1,080/ac

## Adjustments

Date of Value	Date of Entry	To be determined
Location	No distinction within staking area	None
Size-acres	Adjustments for size variations.	See Addenda
Access	Fly-in on Crosswind Lake	1.00 of Key 'A'
	Fly-in lake other than Crosswind Lake	0.90 of Key 'A'
	On Trail	1.00 of Key
Easements	Typical easements are considered in base value. Other easements will be considered based on reduced useable area & impact on value.	To be determined
Building site	Good: less than 40% of swamp	1.10
	Average: 40%-60% swamp	1.00
	Poor: more than 60% swamp	0.90
Amenities	Typical view of surrounding areas	1.00
	Exceptional views of surrounding areas	1.10
	Non fly-in lake or pond	1.10 of Key 'B'

**Adjustment Process:** An adjustment of less than 1.00 means the feature of the staked parcel is inferior to the hypothetical key parcel and requires a downward price adjustment. An adjustment of greater than 1.00 means the feature is superior to the hypothetical key parcel, requiring an upward adjustment. An adjustment of 1.00 means the property feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the estimated value of the key parcel to yield a value for the staked parcel.

## PREMISES OF THE APPRAISAL

### Type of Appraisal and Report

This appraisal is a complete, summary appraisal prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP), and in accordance with Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal, for calendar year 2003.

### Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

### Intended Use of Appraisal

The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).

### User and Client Identity

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

### Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined as<sup>1</sup>:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

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<sup>1</sup> The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1196, p.7

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

**AS 38.05.125(a)** states<sup>2</sup>:

Reservation. (a) Each contract for the sale, lease or grant of state land... is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land... [and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

### **Definition of Market Value**<sup>3</sup>

"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

### **Effective Date of Value**

The effective date of the value estimate is February 27, 2003.

### **Exposure Time**

Exposure time is defined as <sup>4</sup>: "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal..."

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time.

Remote parcels similar to the subject typically require a year or longer of marketing time. The subject parcels are considered average to poor when compared with other available properties on the market. Based on exposure time for similar properties, the estimated values are based on a exposure time of one to three years.

### **Marketing Time**

"Marketing time is an opinion of the amount of time is might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."<sup>5</sup>

Based on current market conditions for similar properties the estimated value is based on a marketing time of one to three years.

### **Scope of the Appraisal**

I did not inspect the staking area in the field. Physical features, access and utilities were identified by the use of topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

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<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2000, pp. 577-78

<sup>3</sup> The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, p.22

<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2001, Appraisal Foundation, p. 83.

<sup>5</sup> Op Ci, p. 128

Also, DNR appraisal records were searched for recent sales of similar parcels. Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

#### **Assumptions and Limiting Conditions**

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.

### **PRESENTATION OF DATA**

#### **Copper River Basin**

The Crosswind Lake Staking Area is located in the Copper River Basin about 140 air miles northeast of Anchorage and about 25 miles northwest of Glennallen. The basin is found in the eastern portion of Southcentral Alaska. It is surrounded by the Alaska Range to the north, the Wrangell Mountains to the east, the Chugach Mountains to the south, and the Talkeetna Mountains to the west.

The basin is a broad forested plain with elevations ranging from 2000 to 3000 feet above sea level. A shallow to deep permafrost table can be found in most of the basin. White and black spruce is the predominant vegetation in the area interspersed with scattered thickets of willow and alder, grasses, low shrubs, and berry bushes. The Copper River is the dominant river in the basin and is fed by the Chistochina, Gulkana, Nelchina, Slana, and Tazina rivers as well as many other streams.

The climate is continental characterized by long and cold winters and relatively warm summers. Temperatures can range from -74 to 96° Fahrenheit. The mean temperature in January is -10° and 56° in July. Annual precipitation is 9 inches including 39 inches of snowfall per year.

The Copper River Basin is part of the Valdez-Cordova demographic census area. The area population is 2,915 which equates to about 25 square miles per person<sup>6</sup>. The 2000 census shows a slight drop in population. Most of the population is concentrated in the small towns of Glennallen, Gakona, Copper Center, Kenny Lake, McCarthy, and Chitina. Glennallen is the closest town to the staking area and has a population of 550 people.

Access to the Copper River Basin is available by the Glenn and Richardson Highways. Charter air service provides access to the road less areas. Public services and facilities are limited to essential needs.

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<sup>6</sup> US Census Bureau, 2000, Alaska Department of Labor

### **Crosswind Lake Staking Area**

Crosswind Lake Staking Area is located along the southern end of Crosswind Lake, 25 miles northwest of Glennallen and 15 miles east of Lake Louise. The area encompasses approximately 8000 gross acres within sections 3-10 & 16-21, Township 6 North, Range 4 West; and within sections 1, 12, 13 & 24 Township 6 North, Range 5 West, Copper River Meridian. There are 24 staking parcels planned for this offering.

The area is characterized by rolling hills interspersed with many lakes and ponds. The soil in the area is either loamy and poorly drained or adequately drained soils made up of silt and gravel<sup>7</sup>. A shallow to deep permafrost table underlies most of the area. Crosswind Lake's shoreline is characterized by high bluffs, gentle slopes and low lands. Some drainage ravines cut through the bluffs to the lake. Views of the Wrangell Mountains are possible from the western side of the lake. The Chugach Range is visible to the south. Numerous views of the many lakes and hills in the area are also available.

Vegetation consists of second growth stands of white spruce and scattered willow trees. Black spruce is found in the lower areas. Thick peat and muskeg formations are frequent throughout. Isolated thickets of aspen are found along the higher bluffs along the lake. Vegetation rapidly declines away from the shoreline.

Access is by float or ski plane to Crosswind Lake or to the other small lakes in the area. There is snowmachine access from Lake Louise and the Glenn Highway via Tolsona Lake. Snowmachine trails crisscross the region. Many have signage and are groomed. A marked trail originates from Lake Louise and goes to Crosswind Lake along the northwest boundary of the staking area.

The area is known for the numerous recreational activities including fishing, hunting, snowmachining, and cross-country skiing. Lake trout is the most popular fish with burbot, whitefish and grayling also abundant in the surrounding lakes. Caribou and moose are hunted along with small game such as rabbit and ptarmigan. Brown bear, wolf, lynx and wolverine are also hunted and or trapped throughout the area.

Most lots in the area are used for recreational purposes with the exception being some commercial hunting and fishing operations scattered throughout the area. Lake Louise provides superior access and sets the ceiling for land prices in the general area with per/acre prices ranging from \$3,000 to \$6,000. Lots on smaller lakes go from \$2,000 to \$3,500 per/acre, and non-waterfront lots range from \$300 to \$800 per/acre.

## **ANAYLSIS AND CONCLUSIONS**

### **Highest and Best Use**

Analysis of highest and best use for the subject properties is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as<sup>8</sup>:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised property is vacant and unimproved.

### **Legally Permissible**

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<sup>7</sup> USDA. Exploratory Soil Survey of Alaska, Soils Conversation Service, p 89.

<sup>8</sup> The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1196, p.297

These subject parcels are not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The hypothetical key parcels could be developed for almost any legal use.

**Physically Possible**

The subject size and physical characteristics are adequate to support all reasonable and probable uses. Staked parcels will be 5 to 10 acres.

**Financially Feasible**

Surrounding land use is primarily recreational. Development of the parcel depends on the amount of resources the owner is willing to allocate for recreational needs.

**Maximally Productive**

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. Access to fishing, hunting and snowmaching is the primary motivation for recreational users in the Copper River Basin.

**Highest and Best Use of Land as Vacant**

Based on the foregoing analysis, the highest and best use of the subject parcel as vacant would be for almost any legal use, primarily a private recreation cabin site.

**SALES COMPARISON APPROACH**

**Key Parcel Method**

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel

**Explanation of Adjustments**

DNR appraisal instructions for the Remote Recreational Cabin Site program require the appraiser to develop and use quantitative adjustments. Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. The following is a summary of adjustments and how they were estimated. Detailed information about the comparable sales and the adjustments is contained in the Addenda.

**Unit of Comparison** Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per acre is the most commonly recognized unit of comparison in the subject market.

**Rights Conveyed** Fee simple less mineral rights as per Alaska Statue 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

**Financing Terms** In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer measurable differences in prices as a result of terms. In general a cash transaction would tend to be at the lower end of the price range with listings usually setting the upper limit.

**Conditions of Sale** Unless otherwise noted the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

**Market Conditions (Time)** Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in the recent years. Comparable sales used in this valuation are the most recent transactions available and need no time adjustment.

**Location** Both Key Parcels and all comparables are located in the Copper River Basin. Sales indicate parcels on Lake Louise are preferred for recreational lots in this area. Lake Louise has superior access and is more developed with a state campground, four lodges, a general store, small service station, rental movie business and boat storage facility. Adjustments for location are based on market data.

**Size** The price per unit and size of a given unit tend to have an inverse relationship. As the size of a parcel increases the price paid per acre decreases. Comparables that differed from the key parcel by more than one acre were given size adjustments based on a chart derived from market data by Steve Starrett, staff appraiser. In general, his findings point to a 25% decrease in unit price each time the size of a parcel doubles. A size adjustment chart is included in the addenda to show how the adjustments were derived.

**Access** All comparables featured fly-in access. The comparable sales that front Lake Louise also have boat access and were adjusted for this superior feature.

**Utilities** The staking area and all comparables lack utilities.

**Amenities** Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to creeks and small ponds, and exceptional views are examples of amenities that may warrant an adjustment. No adjustments were given for superior amenities.

#### **CROSSWIND LAKE HYPOTHETICAL KEY PARCELS 'A' AND 'B'**

The hypothetical parcel 'A' is a 5 acre site with waterfront amenities and the parcel 'B' is a 5 acre site lacking waterfront amenities.

The following sales are the most recent transactions available for valuation of key parcels:

Comp #	Comp ID	Sale Date	Frontage	Legal	ASLS	Size/acres	Sale Price	Price/acre
1	12512	7/1/96	John Lake	Lot 7, Blk 4	82-190	5	\$17,000	\$3,400
2	12541	3/1/00	Lake Louise	Lot 9	USS 3498	4.78	\$17,500	\$3,661
3	12542	9/1/00	Little L. Louise	Lot 10	Plat 97-16	10.63	\$20,000	\$1,881
4	12629	8/1/00	Tom Lake	Tract B	92-196	9.6	\$15,000	\$1,563
5	13608	12/23/96	Lake Louise	Lots 27 & 31	USS 3493	8.45	\$38,000	\$4,497
6	13610	4/27/00	Lake Louise	Lot 6	USS 3497	4.55	\$19,000	\$4,176

**Key Parcel 'A'- Crosswind Lake Remote Recreational Staking Area**

Location Crosswind Lake Staking Area  
Size 5.00 acres  
Access Fly-in, snowmachine  
Utilities None  
Building Site Average with approximately 50% level to gently sloping, adequately drained, and forested. Permafrost may be present.  
Easements Normal lot line easements or as required by platting authority  
Setbacks 100' building setback from the ordinary high water line on all bodies of water.  
Amenities Frontage on Crosswind Lake, normal view of surrounding landscape

**Key Parcel 'B' –Crosswind Lake Remote Recreational Staking Area**

Location Crosswind Lake Staking Area  
Size 5.00 acres  
Access Fly-in, snowmachine  
Utilities None  
Building Site Average with approximately 50% level to gently sloping, adequately drained, and forested. Permafrost may be present.  
Easements Normal lot line easements or as required by platting authority  
Setbacks 100' building setback from the ordinary high water line on all bodies of water.  
Amenities Interior lot, normal view of surrounding landscape

**Adjustment Grid – Key Parcel ‘A’ – Crosswind Lake Remote Recreational Staking Area**

ITEM/COMP.	'A'	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6
Comp. ID #	Key Lot	12512	12541	12542	12629	13608	13610
Date of Sale		7/1/96	3/1/00	9/1/00	8/1/00	12/23/96	4/24/2000
Total Sales Price		\$17,000	\$17,500	\$20,000	\$15,000	\$38,000	\$19,000
Size, Acres	5.000	5.000	4.780	10.630	9.600	8.450	4.550
Price per/acre		\$3,400	\$3,661	\$1,881	\$1,563	\$4,497	\$4,176
<b>COMPARISONS</b>							
Property Rights	Fee less MR	Similar	1.00	Similar	1.00	Similar	1.00
Financing Terms	Typical	Similar	1.00	Similar	1.00	Similar	1.00
Conditions of Sale	Normal	Similar	1.00	Similar	1.00	Similar	1.00
Mrktg. Cond/Time		7/1/96	1.00	3/1/00	1.00	9/1/00	1.00
						8/1/00	1.00
						12/23/96	1.00
						4/24/00	1.00
Total Adjustments			1.00		1.00		1.00
Adjusted Unit Price			\$3,400		\$3,661		\$1,881
							\$1,563
							\$4,497
							\$4,176
<b>PHYSICAL COMPARISONS</b>							
Location		Similar	1.00	Superior	0.70	Superior	0.90
						Similar	1.00
						Superior	0.70
						Superior	0.70
Size, Acres	5.000	5.000	1.00	4.780	1.00	10.630	1.37
						9.600	1.30
						8.450	1.21
						4.550	1.00
Access	Fly-in/SM	Similar	1.00	Superior	0.90	Similar	1.00
						Similar	1.00
						Superior	0.90
						Superior	0.90
Utilities	None	Similar	1.00	Similar	1.00	Similar	1.00
						Similar	1.00
						Similar	1.00
Amenities	Average	Similar	1.00	Similar	1.00	Similar	1.00
						Similar	1.00
						Similar	1.00
Total Adjustments			1.00		0.63		1.23
							1.30
							0.76
							0.63
<b>INDICATED PER/ACRE VALUE</b>	\$2,700	\$3,400	\$2,306	\$2,314	\$2,032	\$3,418	\$2,631

**Comp 1** is a 5 acre parcel located about 28 miles southwest of the staking area. This parcel fronts John Lake. In overall comparison the key parcel is similar to the comparable parcel and no adjustment were needed to the per/acre price of \$3,400.

**Comp 2** is a 4.78 acre parcel located on Lake Louise about 16 miles west of the staking area. Lake Louise is the preferred lake for recreational parcels in the area and this comparable was adjusted down to reflect this. The ability to access the parcel with a boat in the summer provides additional access the staking area does not offer and warranted a adjustment. After adjustments the per/acre price is \$2,306.

**Comp 3** is a 10.63 located about 18 miles west of the staking area on Little Lake Louise. The proximity to Lake Louise amenities and road access warrants a location adjustment. After adjusting for size and location the site is valued at \$2,314 per/acre.

**Comp 4** is a 9.6 acre parcel that fronts on Tom Lake and has a unfinished log cabin valued at \$5000. This comparable is located about 9 miles west of the staking area and is similar to the key parcel. A size adjustment yields a per/acre value at \$2,032.

**Comp 5** is located on Lake Louise. After adjusting this 8.45 acre parcel for location, access and size, the indicated value is \$3,418 per/acre.

**Comp 6** is a 4.55 acre parcel that fronts Lake Louise. Location and access adjustments indicate a \$2,631 per/acre price.

**Reconciliation**

**Parcel 'A'**

After adjustment the comparable sales yielded a range of \$2,032 to \$3,418 per/acre, with a mean of \$2,684 per/acre. Based on the analysis the Key Parcel 'A' is valued at \$2,700 per/acre, or \$13,500 for a 5-acre parcel.

**Adjustment Grid – Key Parcel 'B' – Crosswind Lake Remote Recreational Staking Area**

ITEM/COMP.	PARCEL 'A'	PARCEL 'B'	
Comp. ID #	Key Lot	Key Lot	
Date of Sale			
Total Sales Price	\$13,500	\$13,500	
Size, Acres	5.000	5.000	
Price per/acre		\$2,700	
<b>COMPARISONS</b>			
Property Rights	Fee Less MR	Similar	1.00
Financing Terms	Typical	Similar	1.00
Conditions of Sale	Normal	Similar	1.00
Mrktg. Cond/Time		Similar	1.00
Total Adjustments			1.00
Adjustd Unit Price			\$2,700
<b>PHYSICAL COMPARISONS</b>			
Location		Similar	1.00
Size, Acres	5.000	Similar	1.00
Access	Fly-in/SM	Inferior	0.40
Utilities	None	Similar	1.00
Amenities	Average	Similar	1.00
Total Adjustments			0.40
<b>INDICATED PER/ACRE VALUE (RND)</b>	\$2,700		\$1,080

**Parcel 'B'**

For a parcel that lacks waterfront amenities the value estimate is \$1,080 per/acre, or \$5,400 for a 5-acre parcel. The lower price is based on the market preference for water frontage on recreational parcels.

## CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions and conclusions in, or the use of, this report.
- To the best of my knowledge and belief, the analyses, opinions, and conclusions were developed and presented in this report in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- I have the knowledge and experience necessary to competently complete this appraisal assignment.
- My opinion of market value these parcels is shown on the preceding page.

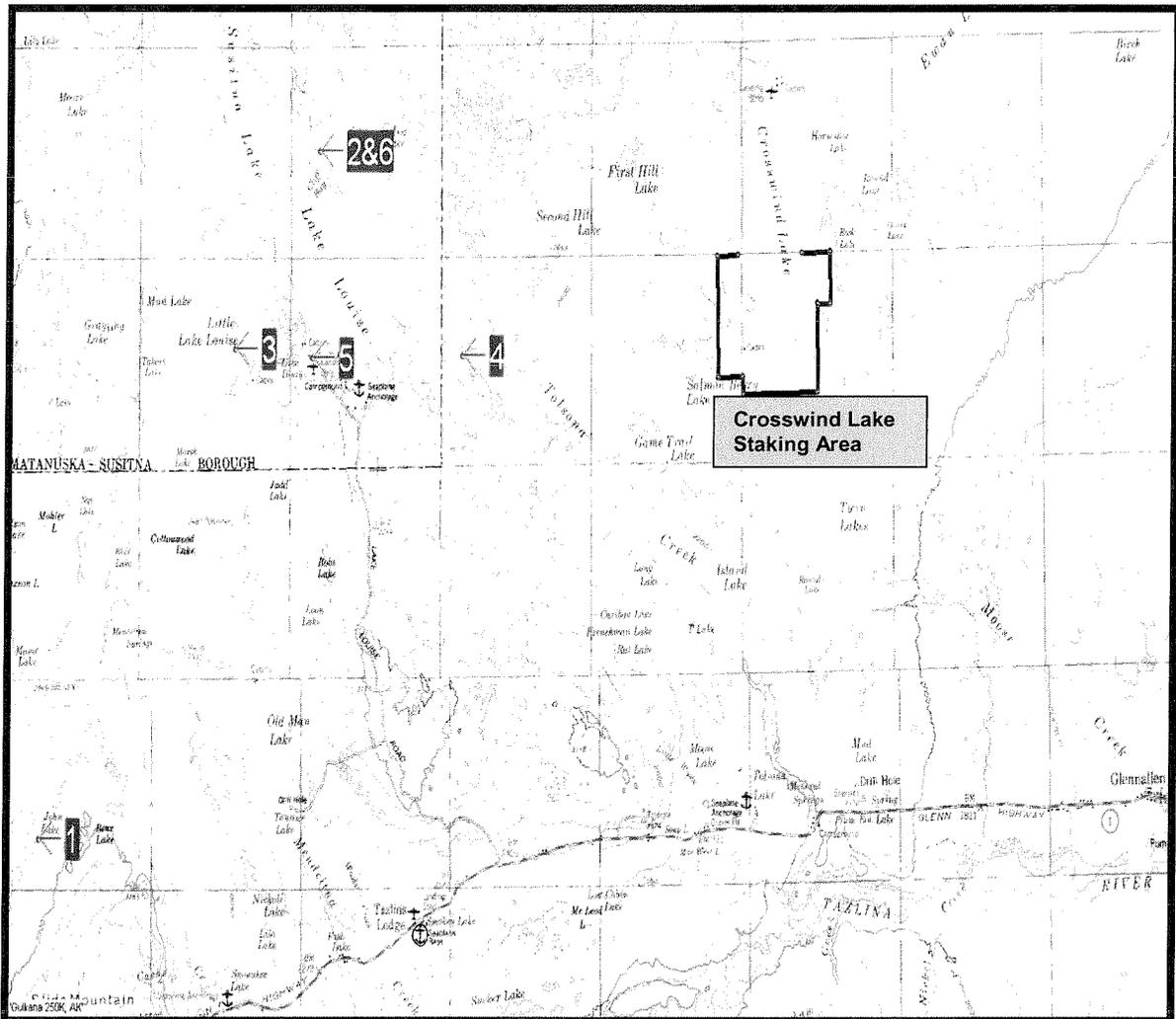
2/27/03  
Dated

  
Brandon Simpson, Dept. of Natural Resource

## **ADDENDUM**

Comparable Sales Map  
Comparable Sale Forms  
Size Adjustment Chart  
Special Appraisal Requirements 2003  
Appraiser Qualifications

# Comparable Sales Map



ID: 12512	PHOTOGRAPH/MAP:
REGION: SOUTHCENTRAL    AREA: MAT/SU BORO NEIGHBORHOOD: LAKE LOUISE LOCATION: ABOUT 12 MILES SW OF LAKE LOUISE ON EAST SIDE OF JOHN LAKE  FRONTAGE NAME: JOHN LAKE SUBDIVISION: JOHN LAKE SUBDIVISION	TAKEN BY: _____ DATE: _____  SOURCE OF INFORMATION/DATE: GRANTOR BY JERRY SMITH 10/00
GRANTOR: ROBINSON, DUANE AND JUDY GRANTEE: CHARLES E. KANE	
DATE OF SALE: 7/1/1996    SALE PRICE: \$17,000.00 ACRES: 5.000 REC DIST: CHITINA BOOK/PAGE/SER. # 46/410 INSTRU: QUIT CLAIM DEED TERMS: TERMS CONDITION: \$500 DOWN PLUS ASSUMED REMAINDER OF SALE CONTRACT PLUS \$12,189 AT 9%	

LEGAL DESCRIPTION: LOT 7, BLOCK 4, JOHN LAKE SUBD., ASLS 82-190 ADL 216564  TAX ID:	USGS MAP: GULKANA A-6                      QUAD: GULKANA LATITUDE: N620612                      LONGITUDE: W1465445 MTRS: S004N009W29
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SLOPE: LEVEL                                      VEGETATION: BLACK SPRUCE  SOILS: SOME WET SHORE: MARSHY                                      UNUSUAL FEATURES:	
SITE DESCRIPTION:  GRADUALLY SLOPING WATERFRONT PARCEL WHICH IS LOCATED ABOUT 12 MILES SW OF LAKE LOUISE. THE PARCEL HAS 262.21 FEET OF FRONTAGE ON EAST SIDE OF JOHN LAKE. IT IS REPORTED THAT THE PARCEL'S LAKE FRONTAGE CONSISTS OF MARSH, BUT IS FLOAT PLANE ACCESSIBLE. SOME SOILS ARE ADEQUATE FOR CONSTRUCTION. THIS PARCEL HAD BEEN PURCHASED FROM DNR IN OCTOBER, 1983 FOR \$8,400 AT 5% DOWN AND QUARTERLY PAYMENTS OF \$270 WHICH INCLUDED 12.25% INTEREST. A 100' ROW EASEMENT ABUTS THE PROPERTY'S EASTERN BOUNDARY. TRAIL ACCESS IS AVAILABLE. REPORT 3071-0	
FRONTAGE: <input checked="" type="checkbox"/> LakeFrontage <input type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input type="checkbox"/> RiverFrontage	
ELECTRICITY: N    TELEPHONE: N    WATER: N    SEWER: N    NATURAL GAS: N                      ACCESS: <span style="float: right;">FLY-IN ATV/SNOWMACHINE</span>	

ZONING: NONE	TITLE INTEREST: FEE	PARCEL TYPE: UPLAND
EASEMENTS/RESTRICTIONS: TYPICAL		

HIGHEST / BEST USE: RECREATIONAL
MARKET EXPOSURE: NONE. BUYER CONTACTED SELLER ASKING TO BUY
SUPPLY/DEMAND:
BUYER/SELLER MOTIVATION:

SALE PRICE: \$17,000.00
VALUE OF IMPROVEMENTS: \$0.00    IMPROVEMENTS:
LAND VALUE: \$17,000.00

# OF SITES:	\$/SITE:	ACRES:	\$/ACRE:	SQUARE FEET:	\$/SQFT:	FRONT FEET:	\$/FF:	RENTAL RATE:
1	\$17,000	5	\$3,400	217,800	\$0.08	262	\$64.89	0.000 %

ID: 12541	PHOTOGRAPH/MAP:
REGION: SOUTHCENTRAL    AREA: MAT/SU BORO NEIGHBORHOOD: LAKE LOUISE LOCATION: ON NW SHORE OF LAKE LOUISE NEAR THE CONFLUENCE OF SUSITNA LAKE'S OUTFLOW INTO LAKE LOUISE FRONTAGE NAME: LAKE LOUISE SUBDIVISION:	TAKEN BY: _____ DATE: _____ SOURCE OF INFORMATION/DATE: MSB RECORDS BY JERRY SMITH 11/00
GRANTOR: UNIVERSITY OF ALASKA GRANTEE: MOORE, RICHARD ARLIS	
DATE OF SALE: 3/1/2000    SALE PRICE: \$17,500.00 ACRES: 4.780 REC DIST: TALKEETNA BOOK/PAGE/SER.# 174/386 INSTRU: QUIT CLAIM DEED TERMS: TERMS CONDITION: 10% DOWN, BALANCE AT MARKET	

LEGAL DESCRIPTION: LOT 9, USS 3498  TAX ID: U03498000L09	USGS MAP: GULKANA B-6    QUAD: GULKANA LATITUDE: N622208    LONGITUDE: W1463625 MTRS: C007N007W19
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SLOPE: LEVEL    VEGETATION: MOSTLY BLACK SPRUCE SOILS: SHORE:    UNUSUAL FEATURES:	SITE DESCRIPTION: A MOSTLY LEVEL LOT NEAR THE CONFLUENCE OF SUSITNA LAKE'S OUTFLOW INTO LAKE LOUISE AND SOUTHEAST OF BLUEBERRY COVE. SOILS VARY FROM WELL-DRAINED TO LOW LYING WET AREAS. THIS PARCEL IS SUBJECT TO EASTERLY WINDS AND DOES NOT HAVE PROTECTED FRONTAGE ALONG ITS WATERFRONT. REPORT 3077
FRONTAGE: <input checked="" type="checkbox"/> LakeFrontage <input type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input type="checkbox"/> RiverFrontage	ELECTRICITY: N    TELEPHONE: N    WATER: N    SEWER: N    NATURAL GAS: N    ACCESS: FLY-IN BOAT ATV/SNOWMACHINE

ZONING: NONE	TITLE INTEREST: FEE	PARCEL TYPE: UPLAND
EASEMENTS/RESTRICTIONS:		

HIGHEST / BEST USE: RECREATIONAL
MARKET EXPOSURE:
SUPPLY/DEMAND:
BUYER/SELLER MOTIVATION:

SALE PRICE: \$17,500.00
VALUE OF IMPROVEMENTS: \$0.00    IMPROVEMENTS:
LAND VALUE: \$17,500.00

# OF SITES:	\$/SITE:	ACRES:	\$/ACRE:	SQUARE FEET:	\$/SQFT:	FRONT FEET:	\$/FF:	RENTAL RATE:
1	\$17,500	4.78	\$3,661	208,217	\$0.08	0	\$0.00	0.000 %







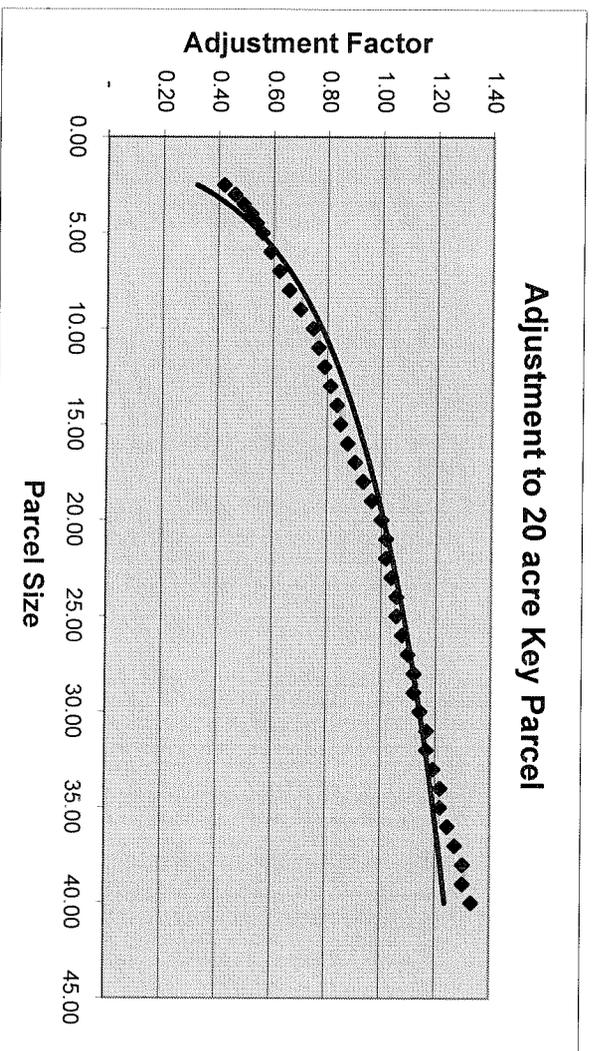
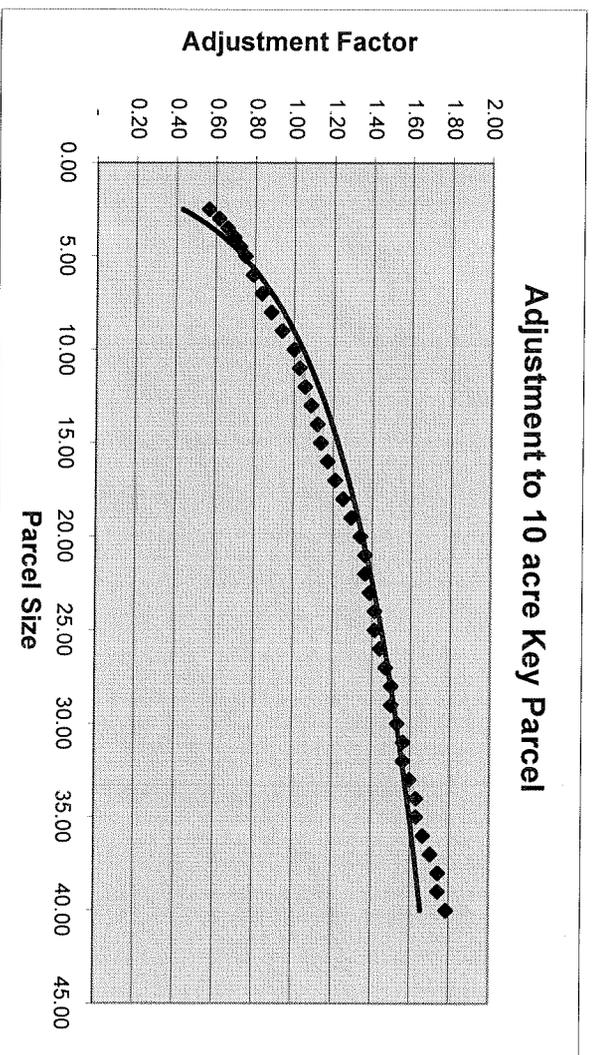


Sale #	DNR #	Lakefront	Date	Sale Price	Size	Price/Acre	Size adjusted to 5 acre Key Parcel
1	13610	Lake Louise	8/1/00	\$19,000	4.55	\$4,176	\$4,176
2	12541	Lake Louise	3/1/00	\$17,500	4.78	\$3,661	\$3,661
3	13608	Lake Louise	12/23/96	\$38,000	8.45	\$4,497	\$5,432
4	none yet	Lake Louise	11/1/99	\$26,000	4.72	\$5,508	\$5,508
5	12542	Little L. Louise	9/1/00	\$20,000	10.63	\$1,881	\$2,573
6	12629	Tom Lake	8/1/00	\$15,000	9.6	\$1,563	\$2,030
7	12512	John Lake	7/1/96	\$17,000	5	\$3,400	\$3,400
<b>No waterfront</b>							
1	12543	1 mi. +	10/25/00	\$12,515	20	\$626	\$1,118
2	12544	1 mi +	10/25/00	\$11,010	19.99	\$551	\$984
3	12545	1 mi +	10/25/00	\$11,577	20	\$579	\$1,034
4	12264	1 mi + (nr GlenIn)	11/1/99	\$14,500	20.03	\$724	\$1,293
5	none yet	2nd tier (500'+)	10/5/01	\$11,000	10	\$1,100	\$1,467
Location	Mean	Adjusted Mean	Locations		% Change	Adjusted % Change	
Lake Louise	\$4,461	\$4,694	Lakefront \$3527, \$3826				
Lakefront	\$3,527	\$3,826	Non-waterfront \$716, \$1179		-80%	-69%	
Non-Lake Louise lakefront	\$2,281	\$2,668					
Non-lakefront	\$716	\$1,179	Non-L. Louise front \$2281, \$2668				
			Non-lakefront \$716, \$1179		-69%	-56%	
			Lake Louise \$4461, \$4694				
			Non-L. Louise front \$2281, \$2668		-49%	-43%	

# SIZE ADJUSTMENT --DNR METHOD

Developed by Steve Starrett

Acres	Starrett	Graph	Adj to 10 ac. Key	Adj to 20 ac. Key
2.50	1.33	1.22	0.56	0.42
3.00	1.22	1.16	0.61	0.46
3.50	1.14	1.12	0.66	0.49
4.00	1.08	1.08	0.69	0.52
4.50	1.04	1.04	0.72	0.54
5.00	1.00	1.01	0.75	0.56
6.00	0.95	0.96	0.79	0.59
7.00	0.90	0.91	0.83	0.62
8.00	0.85	0.87	0.88	0.66
9.00	0.80	0.83	0.94	0.70
10.00	0.75	0.80	1.00	0.75
11.00	0.73	0.77	1.03	0.77
12.00	0.71	0.75	1.06	0.79
13.00	0.69	0.72	1.09	0.81
14.00	0.67	0.70	1.12	0.84
15.00	0.66	0.68	1.14	0.85
16.00	0.64	0.66	1.17	0.88
17.00	0.62	0.64	1.21	0.90
18.00	0.60	0.63	1.25	0.93
19.00	0.58	0.61	1.29	0.97
20.00	0.56	0.60	1.34	1.00
21.00	0.55	0.58	1.36	1.02
22.00	0.55	0.57	1.36	1.02
23.00	0.54	0.55	1.39	1.04
24.00	0.53	0.54	1.42	1.06
25.00	0.53	0.53	1.42	1.06
26.00	0.52	0.52	1.44	1.08
27.00	0.51	0.51	1.47	1.10
28.00	0.50	0.49	1.50	1.12
29.00	0.50	0.48	1.50	1.12
30.00	0.49	0.47	1.53	1.14
31.00	0.48	0.46	1.56	1.17
32.00	0.48	0.45	1.56	1.17
33.00	0.47	0.45	1.60	1.19
34.00	0.46	0.44	1.63	1.22
35.00	0.46	0.43	1.63	1.22
36.00	0.45	0.42	1.67	1.24
37.00	0.44	0.41	1.70	1.27
38.00	0.43	0.40	1.74	1.30
39.00	0.43	0.40	1.74	1.30
40.00	0.42	0.39	1.79	1.33



**SPECIAL APPRAISAL INSTRUCTIONS**  
**DNR REMOTE RECREATIONAL CABIN SITE DISPOSAL, CALENDAR YEAR 2003**

1. **Appraisal Standards:** A complete, summary appraisal is required and must be prepared in accordance with these instructions and with Standards Rules 1 and 2 of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
2. **Purpose of the Appraisal:** The purpose of the appraisal is to estimate market value.
3. **Intended Use:** The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).
4. **Definition of Market Value:** Appraisals must use the following definition of market value and must be based on terms of sale as described in section 5 below. Appraisals using other definitions will be returned for correction.  
  
*The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*<sup>1</sup>
5. **Terms of Sale:** Market value must be estimated in terms of seller financing typical for the market. DNR will not accept appraisals that apply a downward adjustment to comparable prices with typical seller financing in order to indicate a cash value. Per AS 38.05.065 DNR is required to offer seller financing and does not discount for cash.
6. **Property Rights Appraised:** Appraise the fee simple estate less mineral rights reserved under AS 38.05.125(a). Appraisals that do not cite this definition will be returned for correction.
7. **Appraisal Methodology:** Potential applicants are to be given value estimates for each staking area before they actually stake any parcels. For that reason, appraisals will be completed in a two-step process. In the first step (called the base report), an appraisal report will value hypothetical key parcels that are likely to be staked in each staking area, e. g. a lakefront parcel and an interior parcel. The base report will also quantify any value differences that are likely to exist between actual parcels and key parcels, e.g. size, access, building site, amenities, easements. In the second step (called the parcel report) the attributes of each actual, surveyed parcel will be compared to the appropriate key parcel as a means for determining the actual appraised value and purchase price. Parcel reports may be physically separate from the base reports. If that is the case, each parcel report will reference the base report as the basis for value. There will be lag time between completion of the base report and the actual date of entry/valuation date. Should values change between those dates, the parcel report will have to quantify the adjustment, if any, for time or market conditions.
8. **Date of Valuation:** Use a current date of valuation for the base report and the date of entry for the parcel report.
9. **Minimum Value:** Minimum parcel purchase price is \$1,000 per 11 AAC 67.840 (d)(2).
10. **Inspection and Determination of Site Quality:** Onsite inspection of the staking area and comparable sales is optional during preparation of the base report. In lieu of physical inspection for the base report, the appraiser may rely on as many sources of information as are available: recent aerial photos from commercial sources, previous DNR appraisals, topographic maps, field inspection reports in DNR case files, aerial mosaics in DNR design files, and previous field experience in the area. Actual surveyed parcels must be field inspected to determine site characteristics and quality compared with the hypothetical key parcel. Fly-over inspections are acceptable.
11. **Improvements:** Onsite improvements made by the applicant will be excluded from the estimate of value.
12. **Photographs:** The parcel valuation report must contain photographs of the actual, surveyed parcels. Photographs must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions.
13. **Plat or Survey Maps:** Staking maps are required in the base report. Staking maps, survey maps, and land status maps are required in the parcel valuation report. The appraiser is expected to review staking maps, surveys, plats, plat notes, and land status maps for easements and other restrictions that could affect value and to summarize such easements and restrictions in the appraisal reports.
14. **Data Analysis and Key Parcel:** A base report may include more than one staking area if the market characteristics of the staking areas are similar. A base report may also include more than one hypothetical key parcel. When appraising similar parcels within the same or similar staking areas, a typical or *Key Parcel* valuation method must be used. For each key parcel appraised, the base report must include a valuation grid. When appraising key parcels, it is also acceptable to compare one key parcel to another as the method for estimating value, e.g. an interior key parcel is half the value of an otherwise similar lakefront parcel. Grids must describe the pertinent features of each of the key parcels and each of the comparable sales. Grids must also show quantitative adjustments made in relating the pertinent features of the comparable transactions to the pertinent features of the key parcels or pertinent features of actual parcels to key parcels.

<sup>1</sup> The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, page 22

# SPECIAL APPRAISAL INSTRUCTIONS

## DNR REMOTE RECREATIONAL CABIN SITE DISPOSAL, CALENDAR YEAR 2003

In order to ensure consistency in the valuation process, adjustments must be quantified and briefly discussed in narrative, in addition to being presented in the grid. Whenever possible, the adjustments will be expressed in terms of multipliers, e.g. 1.20 for plus 20% or .80 for minus 20%. As the amount of the adjustment increases, the need for factual evidence (e.g. paired sales, data arrays, opinion surveys) increases. The final reconciliation must clearly state which indicators of value are the most reliable, and explain how each indicator affects the appraiser's final conclusion of value. Estimates based solely on the appraiser's opinion without explanation will be rejected. Estimates based solely on regression analysis or other statistical methods may also be rejected.

15. **Comparable Sale Data and Map:** The base report must contain Comparable Sale Forms or data sheets. Each data sheet must be similar in content to the attached sample. A comparable sale location map is required, showing the location of each comparable in relation to the appraised properties and other comparables.
16. **Report Format:** DNR has prepared standard base and parcel report formats that must be used. Contact the DNR review appraiser to obtain electronic copies of the format.
17. **Required Number of Copies:** One bound copy of the draft base report and five bound copies of the final base report should be delivered to the DNR Review Appraiser. One copy of the parcel report should be delivered to the DNR Review Appraiser.
18. **Disclosure:** By law, appraisal reports are public documents that must be made available to the public upon request. Appraisals shall not contain any language that restricts public use. If the report contains use-restricting language, the language will not apply.
19. **Review and Approval:** The DNR review appraiser will review all appraisals for compliance with USPAP and DNR instructions.
20. **How to Contact the DNR Review Appraiser:**

Judy A. Robinson, SRWA	Phone: 907-269-8512
Division of Mining, Land & Water	FAX: 907-269-8914
550 W 7 <sup>th</sup> Ave, Suite 650	E-mail: <a href="mailto:judy@dnr.state.ak.us">judy@dnr.state.ak.us</a>
Anchorage, AK 99501-3576	Hours: 8AM to 4PM

Attachments: Comparable Sale Form  
Base Report Form  
Parcel Report Form

# **APPRAISER QUALIFICATIONS**

## **Brandon Simpson**

### **Education**

University of Colorado at Denver: BA in Economics, 1998.  
Colorado State University

### **Appraisal Related Courses**

The Principles of Real Estate Appraisal, IRWA Course 400, 2002  
Land Valuation Assignments workshop, Appraisal Institute, 2002  
Land Valuation Adjustment Procedures workshop, Appraisal Institute, 2002

### **Work Experience**

Alaska Department of Natural Resources, Appraiser I, March 2002 to present  
Charles Schwab, Investment Consultant, May 1999 to March 2002  
Merrill Lynch, Client Service Specialist, July 1998 to May 1999